October 10, 2007

Board of Governors of the Federal Reserve System
J. Johnson, Secretary
20th Street and Constitution Avenue
Washington DC 20551

Re: Docket No. R-1286

Dear Federal Reserve Board of Governors,
Thank you for the opportunity to voice our opinion on this important matter. Credit Unions, including our own, have been using "Open-End Lending Plans" or multi-featured umbrella plans for many years in an effort to streamline the lending process and provide the utmost convenience to our members. While we appreciate the effort to correct abusive lending practices by some, the currently proposed regulatory changes will have, we believe, unintended catastrophic implications in our ability to continue to provide the best service to our members.

Currently, by using a multi-featured plan, our members are able to sign one up-front agreement that establishes the future lending relationship. As the member's credit needs arise in the future, we are able to review the application, review their credit report, make an offer of credit with correct disclosures and provide a loan advance with complete documentation accordingly at a substantial convenience to the member and at an efficient and cost savings way for the credit union. This is done at no harm to the member and it is important to point out that our credit union does not even carry unsecured credit card lending products in our portfolio. Our belief is that under the proposed rules we would not be able to underwrite separate sub accounts (especially auto loans) under the plan and would need to require the member to sign the individual loan advances. Our credit union serves members all over the United States so requiring a member to sign each individual loan advance will greatly impact the convenience to the member and our ability to compete on a national scale especially in the auto loan market. Less competition means higher prices for consumers.

Our business is built on close personal relationships with our members; we are currently able to balance the needs of convenience for our members and our regulatory requirements of complete disclosure while using a multi-featured plan. For example, a new member who opens an account today may not need a car loan today, but by presenting them with the option of a multi-featured plan while they are here and signing the agreement once, the day their daughter wrecks the wife's vehicle and the father is out of town on business, we are able to react much faster and at extremely greater convenience to their need for another car loan. Older Americans and people of modest means that have transportation issues also benefit greatly from the convenience of these types of plans.

From a compliance and regulatory perspective, it is important to also point out that under the current open-end lending rules lenders are required to disclose the APR on the periodic statement and under the new proposal assuming we are forced to change to a pure closed-end requirement for specific loans, ironically enough we would not be required to disclose the APR periodically. This will mean many lenders will provide less of perhaps, the more important disclosures.

Section 103(i) allows the review of credit information on an occasional or set periodic basis but not for a specific need of credit under the plan. How are they different? Why does it really matter when the credit information is pulled in the eyes of the Federal Reserve? Isn't it more efficient, appropriate and beneficial to the consumer to review credit information when the credit is actually needed? By taking a myopic view of when credit information is allowed to be reviewed you are unintentionally limiting current benefits enjoyed by the consumer.

As you are well aware, the lending landscape is extremely competitive. This change will force us to either discontinue offering this type of plan or require us to dramatically change our current documentation, data processing, lending procedures and more importantly require us to communicate with and re-educate our entire field of membership. Either choice will be a reversal in lending innovation and a step backward in convenience and choice for the consumer at a substantial cost to our credit union and membership. We urge you to consider changing the proposal to address these unique multi-featured plans or address the concept separately in a subsequent proposal.

Sincerely,

Lisa Heid
Chairman of the Board of Directors
Eli Lilly Federal Credit Union

Lisa Schlehuber
Chief Executive Officer
Eli Lilly Federal Credit Union

Rick Thornburg
Senior Vice President Lending
Eli Lilly Federal Credit Union